

VZCZCXRO8480

PP RUEHAG RUEHAST RUEHDA RUEHDF RUEHFL RUEHIK RUEHKW RUEHLA RUEHLN
RUEHLZ RUEHPOD RUEHROV RUEHSR RUEHVK RUEHYG
DE RUEHVB #0310 1070600
ZNR UUUUU ZZH
P 160600Z APR 08
FM AMEMBASSY ZAGREB
TO RUEHC/SECSTATE WASHDC PRIORITY 8819
INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE PRIORITY
RHEHNSC/NSC WASHDC PRIORITY

UNCLAS ZAGREB 000310

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DEPT FOR EUR/SCE, EUR/PPD, DRL; NSC FOR BRAUN

E.O. 12958: N/A

TAGS: [ECON](#) [ELAB](#) [HR](#)

SUBJECT: UNION PROTEST SEEKS HIGHER PAY, GENERAL ECONOMIC
IMPROVEMENT

¶1. On April 12, labor unions staged one of Croatia's largest ever worker demonstrations on Zagreb's main square, under the slogan "Together for Higher Pay." Police and media estimated the turnout at 35,000-40,000 people, while the Union of Autonomous Trade Unions of Croatia (UATUC), the largest union and primary organizer of the protest, claimed that over 50,000 people attended. Marina Kasunic Peris, head of UATUC's industrial democracy department, told us UATUC's primary goals are adoption of a minimum wage law and changes to the labor law to make it more favorable to workers, particularly through restrictions on the use of temporary contracts. Many protesters, however, raised more general demands, such as protection of fundamental workers rights and a "competent" government to solve the problems of the people. UATUC President Ana Knezevic told the crowd, "Today we seek a change of policy; next time we'll seek a change of government." Kresimir Sever, president of the second largest union, Independent Trade Unions of Croatia, argued Croatia had become a society of castes, with only a few benefiting from economic growth.

¶2. President Mesic was the only politician invited to the event. He was not asked to speak, however, and did not attend. In comments to the media, he said the protest proved Croatia is a democracy and demonstrating is a legitimate way of communicating with the government. In regard to economic policy, he said Croatia should focus on production and exports and increasing foreign greenfield investment. PM Sanader said he also was not pleased with the state of the economy, particularly regarding rising prices and lack of exports. He said the government would amend the minimum wage law in the coming weeks and work with the trade unions and other social partners to address other issues such as the grey-market economy and expansion of workers' shares in enterprises.

¶3. COMMENT: The large turnout at the protest, despite heavy rain, indicates the extent of people's anxiety about their economic situation. The union's formal demands--setting a minimum wage and revising labor laws--are in areas in which the government can negotiate. The broader discontent over economic conditions encouraged by the protesters' rhetoric may be more difficult for the GOC to address, however, particularly as it moves forward with the economic reforms required for EU accession. Without noticeable improvements elsewhere in the economy, the government will face strong public opposition to reforms such as restructuring ailing industries and cutting state subsidies that could result in job losses. A major battle still looms over what to do about Croatia's shipyards, large employers that are generally unprofitable. END COMMENT.

